

Foodco Holding – P.J.S.C.

Condensed consolidated interim financial information

30 September 2018

Principal business address:

P.O. Box 2378

Abu Dhabi

United Arab Emirates

Foodco Holding – P.J.S.C.

Condensed consolidated interim financial information

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Foodco Holding P.J.S.C.

Board of Directors' Report For the Quarter ended September 30, 2018

The Board of Directors of Foodco Holding PJSC are pleased to report the Consolidated Financial Statements for the Quarter ended September 30, 2018

The Groups' revenue for the nine months was AED 285.66 million (2017: 251.11 million) while the profit of the company was AED 50.69 million (2017: 58.38 million).

The following is the summary of the Financial statements:

	Amount in '000					
	Quarter ended September			Nine months ended September		
	2018	2017	Increase / (Decrease)	2018	2017	Increase / (Decrease)
Profit and Loss summary						
Revenue	89,503	75,174	14,328	285,663	251,108	34,555
Gross Profit	19,316	26,244	(6,928)	98,193	105,956	(7,763)
Profit	2,123	11,438	(9,315)	50,686	59,000	(8,314)
Earning per share (AED)	0.018	0.095	(0.08)	0.422	0.492	(0.07)
Financial position summary						
Current Assets	552,089	507,357	44,732	8.8%		
Non Current Assets	561,982	513,189	48,793	9.5%		
Current Liabilities	465,313	437,088	28,225	6.5%		
Non Current Liabilities	99,006	72,262	26,744	37.0%		
Total Shareholders' Equity (Parent)	549,526	510,978	38,547	7.5%		
Book Value of Share (AED)	4.58	4.26	0.32	7.5%		

We appreciate the efforts of all our stakeholders for their contribution in achieving these results.

On behalf of the Board of Directors

Ahmed bin Ali Khalfan Al Dhahery
Chairman





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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of Foodco Holding – P.J.S.C.

Introduction

We have reviewed the accompanying 30 September 2018 condensed consolidated interim financial information of Foodco Holding – P.J.S.C. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2018;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2018;
- the condensed consolidated interim statement of other comprehensive income for the three-month and nine-month periods ended 30 September 2018;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2018;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2018; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2018 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

Emphasis of Matter

We also draw attention to note 18 to the condensed consolidated interim financial information which describes that the Group discontinued an operation of a subsidiary, Sense Gourmet Food Company P.S.C., in 2018 and re-presented comparative information in the accompanying condensed consolidated interim financial information. Consequently, the comparative information in the accompanying condensed consolidated interim financial information has been re-presented. Our conclusion is not modified in respect of this matter.

KPMG Lower Gulf Limited

Richard Ackland
Registration No. 1015
Abu Dhabi, United Arab Emirates
Date: **14 NOV 2018**

Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of financial position

As at

	Notes	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Assets			
Non-current assets			
Property, plant and equipment		9,660,684	10,931,354
Investment properties under development	6	104,670,905	76,336,756
Investment properties	7	237,090,026	237,090,026
Investments held at fair value through other comprehensive income (“FVTOCI”)	8	204,611,192	182,881,498
Other receivables	10	5,949,510	5,949,510
Total non-current assets		561,982,317	513,189,144
Current assets			
Inventories	9	22,880,305	20,931,703
Investments held at fair value through profit or loss (“FVTPL”)	8	374,204,650	304,632,871
Trade and other receivables	10	152,257,734	178,726,639
Amounts due from related parties	15	529,687	415,542
Cash and bank balances		1,638,763	1,921,963
Total current assets		552,089,243	507,356,967
Total assets		1,114,071,560	1,020,546,111
Equity			
Share capital		120,000,000	100,000,000
Legal reserve		60,000,000	50,000,000
Regulatory reserve		60,000,000	50,000,000
Fair value reserve		(33,412,056)	(41,272,876)
Retained earnings		342,937,789	352,251,315
Equity attributable to Owners of the Company		549,525,733	510,978,439
Non-controlling interests		227,018	217,686
Total equity		549,752,751	511,196,125

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Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of financial position *(continued)*

As at

	Notes	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		4,265,377	3,236,769
Loans and borrowings	11	94,740,330	69,025,110
Total non-current liabilities		99,005,707	72,261,879
Current liabilities			
Loans and borrowings	11	371,400,098	346,963,182
Trade and other payables	12	83,720,514	73,531,781
Amounts due to related parties	15	10,192,490	16,593,144
Total current liabilities		465,313,102	437,088,107
Total liabilities		564,318,809	509,349,986
Total equity and liabilities		1,114,071,560	1,020,546,111

These condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on 14 NOV 2018, and was signed on their behalf by:



Ahmed Ali Khalfan Al Dhaheri

Chairman



Mohamed Saeed Abdulla Musallam
Al Qubaisi

Director



Mohammed Hafez

Chief Financial Officer

The notes set out on pages 12 to 37 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 2 and 3.



Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of profit or loss for the period ended

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2018 AED (Unaudited)	2017 AED (Unaudited)	2018 AED (Unaudited)	2017 AED (Unaudited)
<i>Notes</i>				
Continuing operations				
Income comprises:				
- income from trading	81,456,746	63,238,592	230,681,311	194,233,836
- income from investment properties 13	10,343,716	8,296,760	28,067,206	21,066,566
- income from investment in securities 14	(2,297,815)	3,638,994	26,914,843	35,807,562
	<u>89,502,647</u>	<u>75,174,346</u>	<u>285,663,360</u>	<u>251,107,964</u>
Cost of sales	(70,187,137)	(48,930,374)	(187,469,922)	(145,151,994)
Selling, general and administrative expenses	(8,267,359)	(8,224,111)	(28,268,806)	(23,844,737)
Impairment loss on trade receivables	(3,141,651)	(1,276,221)	(5,335,374)	(8,656,955)
Other income	101,202	98,055	289,399	158,350
	<u>8,007,702</u>	<u>16,841,695</u>	<u>64,878,657</u>	<u>73,612,628</u>
Operating profit	8,007,702	16,841,695	64,878,657	73,612,628
Finance costs	(5,890,502)	(5,218,631)	(14,184,484)	(14,030,861)
	<u>2,117,200</u>	<u>11,623,064</u>	<u>50,694,173</u>	<u>59,581,767</u>
Profit for the continuing operations	2,117,200	11,623,064	50,694,173	59,581,767
Discontinued operations				
Loss from discontinued operations 18	-	(382,597)	-	(1,200,533)
	<u>2,117,200</u>	<u>11,240,467</u>	<u>50,694,173</u>	<u>58,381,234</u>
Profit for the period	2,117,200	11,240,467	50,694,173	58,381,234
Profit attributable to:				
Owners of the Company	2,122,591	11,437,736	50,686,474	59,000,229
Non-controlling interests	(5,391)	(197,269)	7,699	(618,995)
	<u>2,117,200</u>	<u>11,240,467</u>	<u>50,694,173</u>	<u>58,381,234</u>
Basic and diluted earnings per share 19	<u>0.018</u>	<u>0.095</u>	<u>0.422</u>	<u>0.492</u>
Basic and diluted earnings per share – continuing operations 19	<u>0.018</u>	<u>0.097</u>	<u>0.422</u>	<u>0.497</u>

The notes set out on pages 12 to 37 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 2 and 3.

Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of other comprehensive income for the period ended

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2018 AED (Unaudited)	2017 AED (Unaudited)	2018 AED (Unaudited)	2017 AED (Unaudited)
Profit for the period	2,117,200	11,240,467	50,694,173	58,381,234
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Net changes in the fair value of investments held at FVTOCI	13,890,261	446,372	7,862,453	(16,938,350)
Other comprehensive income / (loss) For the period	13,890,261	446,372	7,862,453	(16,938,350)
Total comprehensive income for the period	16,007,461	11,686,839	58,556,626	41,442,884
Total comprehensive income attributable to:				
Owners of the Company	16,000,607	11,884,109	58,547,294	42,262,398
Non-controlling interests	6,854	(197,270)	9,332	(819,514)
	16,007,461	11,686,839	58,556,626	41,442,884

The notes set out on pages 12 to 37 form an integral part of these condensed consolidated interim financial information.

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Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of changes in equity
for the nine month period ended 30 September

	Share capital AED	Legal reserve AED	Regulatory reserve AED	Fair value reserve AED	Retained earnings AED	Equity Attributable to Owners of the Company AED	Non-controlling interests AED	Total AED
At 1 January 2017 (Audited)	100,000,000	50,000,000	50,000,000	(43,978,705)	319,174,506	475,195,801	(2,518,634)	472,677,167
<i>Total comprehensive income for the period</i>	-	-	-	-	59,000,229	59,000,229	(618,995)	58,381,234
Profit / (loss) for the period	-	-	-	-	-	(16,737,831)	(200,519)	(16,938,350)
Other comprehensive loss	-	-	-	(16,737,831)	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	(16,737,831)	59,000,229	42,262,398	(819,514)	41,442,884
<i>Transactions with Owners of the Company</i>	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Contributions and distributions	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
At 30 September 2017 (Unaudited)	100,000,000	50,000,000	50,000,000	(60,716,536)	358,174,735	497,458,199	(3,338,148)	494,120,051

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Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of changes in equity for the nine month period ended 30 September

	Share capital AED	Legal reserve AED	Regulatory reserve AED	Fair value reserve AED	Retained earnings AED	Equity Attributable to Owners of the Company AED	Non- controlling interests AED	Total AED
At 1 January 2018 (Audited)	100,000,000	50,000,000	50,000,000	(41,272,876)	352,251,315	510,978,439	217,686	511,196,125
Total comprehensive income for the period								
Profit for the period	-	-	-	-	50,686,474	50,686,474	7,699	50,694,173
Other comprehensive income	-	-	-	7,860,820	-	7,860,820	1,633	7,862,453
Total comprehensive income for the period				7,860,820	50,686,474	58,547,294	9,332	58,556,626
Transactions with Owners of the Company								
<i>Contributions and distributions</i>								
Issue of bonus shares	20,000,000	-	-	-	(20,000,000)	-	-	-
Dividends	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Transfer to reserves	-	10,000,000	10,000,000	-	(20,000,000)	-	-	-
Total transactions with Owners of the Company	20,000,000	10,000,000	10,000,000	-	(60,000,000)	(20,000,000)	-	(20,000,000)
At 30 September 2018 (Unaudited)	120,000,000	60,000,000	60,000,000	(33,412,056)	342,937,789	549,525,733	227,018	549,752,751

The notes set out on pages 12 to 37 form an integral part of these condensed consolidated interim financial information.

Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of cash flows for the nine month period ended 30 September

	2018 AED (Unaudited)	2017 AED (Unaudited)
Cash flows from operating activities		
Profit for the period	50,694,173	58,381,234
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	1,713,454	2,575,952
Amortisation of intangible assets	-	14,421
Dividend income	(32,360,751)	(30,969,564)
Finance costs	14,184,484	14,030,861
Provision for employees' end of service benefits	1,439,991	1,002,300
Impairment loss on trade receivables	5,335,374	8,656,955
Write down to fair value less costs to sell of assets held for sale	144,527	-
Provision for slow moving inventories	1,610,000	1,914,034
Reversal of provision for slow moving inventories	(1,723,142)	(847,788)
Gain on disposal of property, plant and equipment	-	(28,152)
Gain on sale of assets held for sale	(36,790)	(52,110)
Loss / (gain) on sale of investments held at FVTPL	321,128	(14,631,128)
Net changes in fair value of investments held at FVTPL	5,124,780	9,793,130
Provision for impairment on investment properties	-	5,000,000
	<u>46,447,228</u>	<u>54,840,145</u>
<i>Changes in:</i>		
- inventories	(1,835,460)	(231,660)
- trade and other receivables	21,133,531	(31,031,933)
- amounts due from related parties	(114,145)	296,562
- amounts due to related parties	(6,400,654)	(4,867,514)
- trade and other payables	10,101,355	2,566,510
	<u>69,331,855</u>	<u>21,572,110</u>
Employees end of service benefits paid	(411,383)	(797,551)
Acquisition of financial assets	(126,509,706)	(148,486,564)
Proceeds from sale of financial assets	37,624,778	99,749,365
Dividends received	32,360,751	30,969,564
Additions in investment properties	-	(1,003,541)
Additions in investment properties under development	(28,334,149)	(18,747,783)
Net cash used in operating activities	<u>(15,937,854)</u>	<u>(16,744,400)</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(442,784)	(2,749,087)
Proceeds from disposal of property, plant and equipment	-	408,490
Proceeds from disposal of assets held for sale	42,408	144,745
Net cash used in investing activities	<u>(400,376)</u>	<u>(2,195,852)</u>

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Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of cash flows *(continued)*
for the nine month period ended

	2018 AED (Unaudited)	2017 AED (Unaudited)
Cash flows from financing activities		
Proceeds from bank borrowings	57,475,719	48,564,388
Repayment of bank borrowings	(19,698,197)	(23,577,236)
Finance costs paid	(14,097,106)	(14,030,861)
Dividends paid	(20,000,000)	(20,000,000)
Net cash from / (used in) financing activities	<u>3,680,416</u>	<u>(9,043,709)</u>
Net decrease in cash and cash equivalents	(12,657,814)	(27,983,961)
Cash and cash equivalents at 1 January*	<u>(319,551,552)</u>	<u>(250,762,792)</u>
Cash and cash equivalents at 30 September * (note 16)	<u><u>(332,209,366)</u></u>	<u><u>(278,746,753)</u></u>

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes set out on pages 12 to 37 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 2 and 3.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

1 Legal status and principal activities

Foodco Holding - P.J.S.C. (the “Company”) is a public shareholding company incorporated in Abu Dhabi, United Arab Emirates. The Company was established in 1979. It is regulated and listed on the Abu Dhabi Securities Exchange. In 2006, the Company changed its name to Foodco Holding - P.J.S.C. and was formerly known as Abu Dhabi National Foodstuff Company - P.J.S.C.

The Company is primarily engaged in the import and distribution of foodstuff and household items in the United Arab Emirates, along with investing, development and management of real estate and commercial enterprises. The objectives of the Company include investment in or establishment of companies in the same line of business and investment in or establishment of factories in the processing or canning of foodstuff as well as engagement in all operations and investments in and outside the United Arab Emirates.

This condensed consolidated interim financial information include the financial position and the financial performance of the following subsidiaries:

Name of subsidiary	Country of incorporation	Percentage of ownership			Principal activities
		30 September 2018	31 December 2017	30 September 2017	
Oasis National Foodstuff Company LLC	UAE	100%	100%	100%	Packing of foodstuff
Abu Dhabi National Foodstuff Co LLC	UAE	100%	100%	100%	Wholesale and distribution of foodstuff
Sense Gourmet Food Company PSC	UAE	95.6%	95.6%	48.44%	Catering services and restaurant business
5PL Logistics LLC	UAE	100%	100%	100%	Shipment, clearance and warehousing services
Abu Dhabi National Catering LLC	UAE	100%	100%	100%	Catering services and restaurant business

2 Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with IAS 34, “*Interim Financial Reporting*” and comply with the Articles of Association and the UAE Federal Law No. 2 of 2015. It does not include all the information required for full annual consolidated financial information and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Group’s financial position and performance since the last financial statements.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

3 Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017, except for the changes in significant accounting policies explained in note 4 and additional accounting policies as described below.

(a) Discontinued operations

A discontinued operation is a component of the Group's business, the operation and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is a part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the presentation had been discontinued from the start of the comparative year.

(b) New and amended International Financial Reporting Standards (IFRS) in issue but not yet effective

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has to perform a detailed assessment of potential impact on its consolidated financial statements / condensed consolidated interim financial information. The actual impact of applying IFRS 16 on the consolidated financial statements / condensed consolidated interim financial information in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

3 Significant accounting policies (continued)

(b) New and amended International Financial Reporting Standards (IFRS) in issue but not yet effective (continued)

Other standards

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - effective date to be determined.
- IFRIC 23 Uncertainty over Income Tax Treatments - effective on or after January 1, 2019

The Group is currently assessing the impact from the adoption of the above new and amended standards on the Group's consolidated financial statements / condensed consolidated interim financial information.

4 Changes in significant accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers (see a) and IFRS 9 Financial Instruments (see b) from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's consolidated financial statements / condensed consolidated interim financial information.

(a) IFRS 15 Revenue from Contracts with Customers

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

4 Changes in significant accounting policies (continued)

(a) IFRS 15 Revenue from Contracts with Customers (continued)

Type of product/ Service	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy
Distribution of food and non-food items.	Invoices and delivery notes are issued at the time of delivering the goods in the customer's locations. These are acknowledged in the form of signature / stamp or both. The invoices are posted and the revenue is recognized at that point of time. Returns: There are no significant abnormal returns occurring in the retail segment. The returns from customers are contractual where the aging inventory is replaced with fresh ones. Group logistics team present in customers' sites monitor the inventory. The Group have back to back agreement with our suppliers for 50% of the inventory. The remaining stock is transferred to retail segments to be sold in the market on cost basis. The Group based on the historical and expected losses maintains a running provision to account for any failure / contingency in the rotations process.	IFRS 15 did not have a significant impact on the Group's accounting policies.
Leasing and storage facilities	The Group own various buildings and warehouses which are leased to tenants on yearly contracts. Revenue is recognized over time as those services are provided.	IFRS 15 did not have a significant impact on the Group's accounting policies.

Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

Based on management assessment, the application of IFRS 15 does not have a significant impact on the Group's consolidated financial statements / condensed consolidated interim financial information.

(b) IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

4 Changes in significant accounting policies (continued)

(b) IFRS 9 Financial Instruments (continued)

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

4 Changes in significant accounting policies *(continued)*

(b) IFRS 9 Financial Instruments *(continued)*

(i) *Classification and measurement of financial assets and financial liabilities (continued)*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

4 Changes in significant accounting policies (continued)

(i) Classification and measurement of financial assets and financial liabilities (continued)

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

Financial asset	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 AED	New carrying amount under IFRS 9 AED
Equity securities (a)	8	Available for sale	FVOCI – equity instrument	229,953,368	229,953,368
Equity securities (b)	8	Held for trading	Mandatorily at FVTPL	325,578,728	325,578,728
Trade and other receivables (c)	10	Loans and receivables	Amortized cost	166,437,664	166,437,664
Cash and cash equivalents	16	Loans and receivables	Amortized cost	1,351,515	1,351,515
Total financial assets				723,321,275	723,321,275

- (a) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.
- (b) Under IAS 39, these equity securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.
- (c) Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

4 Changes in significant accounting policies (continued)

(b) IFRS 9 Financial Instruments (continued)

(ii) Impairment of financial assets (continued)

The financial assets at amortised cost consist of trade and other receivables, including amounts due from related parties, and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

4 Changes in significant accounting policies (continued)

(b) IFRS 9 Financial Instruments (continued)

(ii) Impairment of financial assets (continued)

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The new impairment model has no material impact on the impairment allowance.

(iii) Hedge accounting

The Group does not have any hedge relationship at the reporting date.

(iv) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

5 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has an overall responsibility for overseeing all significant fair value measurements and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, the valuation team assesses the evidence obtained from the third parties to support the conclusions that these valuations meet the requirements of IFRS, including the determination of the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

6 Investment properties under development

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
At 1 January	76,336,756	45,291,466
Cost incurred during the period / year	28,334,149	31,045,290
	<hr/>	<hr/>
At the end of period / year	104,670,905	76,336,756
	<hr/> <hr/>	<hr/> <hr/>

The fair value of investment properties as at 31 December 2017 approximates their carrying value. This has been arrived at on the basis of internal valuations carried out by the Group's management. The valuations were arrived at by reference to market evidence of transaction and prices of similar properties.

The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (*refer note 7 for details regarding categories - level 1, level 2 and level 3*).

7 Investment properties

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Warehouses	108,441,802	108,441,802
Buildings - residential	80,613,224	80,613,224
Building - commercial and residential	76,035,000	76,035,000
Less: provision for impairment	(28,000,000)	(28,000,000)
	<hr/>	<hr/>
	237,090,026	237,090,026
	<hr/> <hr/>	<hr/> <hr/>

The movements in the investment properties during the period / year were as follows:

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
As at 1 January	237,090,026	255,975,868
Additions	-	1,114,158
Disposals	-	(7,000,000)
Loss on revaluation of investment properties	-	(13,000,000)
	<hr/>	<hr/>
At the end of the period / year	237,090,026	237,090,026
	<hr/> <hr/>	<hr/> <hr/>

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

7 Investment properties (continued)

Some of the investment properties are registered in the name of the Group's Directors beneficially on behalf of the Group in order to comply with jurisdictional regulations.

The Group has practice to engage independent appraiser for performing assessment of the fair value of investment property portfolio every three years. The last valuation was carried out in 2015.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 September 2018 and 31 December 2017	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Investment properties	-	-	237,090,026	237,090,026

8 Investment in securities

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Investments held at fair value through other comprehensive income ("FVTOCI")	204,611,192	182,881,498
Investments held at fair value through profit and loss ("FVTPL")	374,204,650	304,632,871
	<u>578,815,842</u>	<u>487,514,369</u>

The investments at FVTOCI comprise:

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Investments in quoted equity securities inside UAE	179,390,723	166,398,774
Investments in quoted equity securities outside UAE	19,675,234	10,937,489
Investments in unquoted equity securities outside UAE	2,670,983	2,670,983
Investments in unquoted equity securities inside UAE	2,874,252	2,874,252
	<u>204,611,192</u>	<u>182,881,498</u>

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

8 Investment in securities (continued)

The investments held at FVTPL comprise:

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Investments in quoted equity securities inside UAE	355,633,964	292,648,090
Investments in quoted equity securities outside UAE	11,689,927	5,400,293
Investments in mutual funds	6,880,759	6,584,488
	<u>374,204,650</u>	<u>304,632,871</u>

Investments in mutual funds are held by a related party beneficially on behalf of the Group.

The movement in financial assets was as follows:

	At fair value through profit or loss 30 September 2018 AED (Unaudited)	At fair value through other comprehensive Income 30 September 2018 AED (Unaudited)	At fair value through profit or loss 31 December 2017 AED (Audited)	At fair value through other comprehensive income 31 December 2017 AED (Audited)
At 1 January	304,632,871	182,881,498	217,135,489	187,569,094
Purchase of financial assets	111,671,450	14,838,256	201,614,466	4,100,086
Disposal of financial assets	(36,974,891)	(971,015)	(112,097,212)	(1,081,923)
Reclassified	-	-	-	(5,949,510)
(Decrease) / increase in fair value	(5,124,780)	7,862,453	(2,019,872)	(1,756,249)
At end of the period / year	<u>374,204,650</u>	<u>204,611,192</u>	<u>304,632,871</u>	<u>182,881,498</u>

Investments amounting to AED 60,000 thousand and AED 63,000 thousand are pledged with a commercial bank for securing term loans.

The Group has no investments and relation with Abraaj Group.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

9 Inventories

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Goods for resale	24,974,874	21,910,435
Goods in transit	3,577,378	4,806,357
	<u>28,552,252</u>	<u>26,716,792</u>
Less: allowance for slow moving inventories	(5,671,947)	(5,785,089)
	<u>22,880,305</u>	<u>20,931,703</u>
Movement in allowance for slow moving inventories is as follows:		
	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
At 1 January	5,785,089	4,533,272
Charge for the period / year	1,610,000	3,268,120
Reversed during the period / year	(1,723,142)	(2,016,303)
	<u>5,671,947</u>	<u>5,785,089</u>

10 Trade and other receivables

	Current		Non-current	
	30 September 2018 (Unaudited) AED	31 December 2017 (Audited) AED	30 September 2018 (Unaudited) AED	31 December 2017 (Audited) AED
Trade receivables	170,590,670	185,610,004	-	-
Less: allowance for impairment of doubtful trade receivables	(27,519,359)	(22,183,985)	-	-
	<u>143,071,311</u>	<u>163,426,019</u>	<u>-</u>	<u>-</u>
Prepayments	666,261	1,978,538	-	-
Other receivables	11,121,943	15,923,863	5,949,510	5,949,510
Less: allowance for impairment of doubtful other receivables	(2,601,781)	(2,601,781)	-	-
	<u>152,257,734</u>	<u>178,726,639</u>	<u>5,949,510</u>	<u>5,949,510</u>

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

10 Trade and other receivables (continued)

Movement in allowance for impairment of doubtful trade receivables is as follows:

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
At 1 January	22,183,985	11,170,782
Charge for the period / year	5,335,374	13,581,514
Written off during the period / year	-	(2,568,311)
At the end of the period / year	<u>27,519,359</u>	<u>22,183,985</u>

In determining the recoverability of a trade receivables, the Group considers any change in the credit quality of the related customers from the date credit was initially granted up to the reporting date.

Movement in allowance for impairment of doubtful other receivables is as follows:

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
At 1 January	2,601,781	1,882,271
Charge for the year	-	719,510
At end of the period / year	<u>2,601,781</u>	<u>2,601,781</u>

11 Loans and borrowings

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Bank overdrafts	333,848,129	321,473,515
Secured bank borrowings	132,292,299	94,514,777
	<u>466,140,428</u>	<u>415,988,292</u>

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

11 Loans and borrowings (continued)

Bank overdrafts and secured bank borrowings are repayable as follows:

	Current		Non-current	
	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Bank overdrafts	333,848,129	321,473,515	-	-
Secured bank borrowings	37,551,969	25,489,667	94,740,330	69,025,110
	<u>371,400,098</u>	<u>346,963,182</u>	<u>94,740,330</u>	<u>69,025,110</u>

Movement in the secured bank borrowings is as follows:

	Currency	Nominal interest rate	Year of maturity	Tenor	Face value AED	Carrying amount AED
At 1 January 2018 (Audited)						94,514,777
<i>New issues</i>						
Term loan 1	AED	3 months EIBOR + margin	2024	7	30,737,000	11,225,719
Term loan 2	AED	3 months EIBOR + margin	2023	5	30,000,000	30,000,000
Term loan 3	AED	1 month EIBOR + margin	2022	4	16,250,000	16,250,000
<i>Repayments</i>						(19,698,197)
At 30 September 2018 (Unaudited)						132,292,299
	Currency	Nominal interest rate	Year of maturity	Tenor	Face value AED	Carrying amount AED
At 1 January 2017 (Audited)						73,130,909
<i>New issues</i>						
Term loan 4	AED	1 month EIBOR + margin	2022	5	50,000,000	42,500,000
Term loan 1	AED	3 months EIBOR + margin	2024	7	6,064,388	6,064,388
<i>Repayments</i>						(27,180,520)
At 31 December 2017 (Audited)						94,514,777

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

11 Loans and borrowings (continued)

The bank overdrafts are repayable on demand and are secured by corporate guarantees of the Company.

Secured bank borrowings

- (i) Term loan # 1 in the amount of AED 30,737 thousands was obtained in April 2017 from a local bank. Management has withdrawn an amount of AED 11,226 thousands from this facility during the period. The loan is repayable in quarterly instalments within a maximum period of 7 years. It is secured by a registered pledge over an under construction land and building.
- (ii) Term loan # 2 in the amount of AED 30,000 thousands was obtained in February 2018 from a local bank. The loan is repayable in semi-annual instalments within a maximum period of 5 years. It is secured by a registered pledge over shares for an amount of AED 60,000 thousand.
- (iii) Term loan # 3 in the amount of AED 16,250 thousands was obtained in April 2018 from a local bank. The loan is repayable in semi-annual instalments within a maximum period of 4 years. It is secured by a registered pledge over shares for an amount of AED 63,000 thousand.
- (iv) Term loan # 4 in the amount of AED 30,000 thousands was obtained in August 2013 from a local bank. This loan is rescheduled to amount of AED 50,000 thousands in June 2017. The loan is repayable in quarterly instalments of AED 2,500 thousands. It is secured by a first degree mortgage over the buildings.

The average interest rates during the year were as follows:

September 2018 and December 2017

Bank overdrafts	1 month EIBOR + margin
Term loans	1 to 3 months EIBOR + margin
Term loans – DSSCB (through ADCP)	3% fixed rate per annum

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

12 Trade and other payables

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Trade payables	71,467,641	59,466,918
Accruals	5,565,897	7,187,891
Other payables	6,686,976	6,876,972
	<u>83,720,514</u>	<u>73,531,781</u>

13 Income from investment properties

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2018 AED (Unaudited)	2017 AED (Unaudited)	2018 AED (Unaudited)	2017 AED (Unaudited)
Operating rental income	10,343,716	8,296,760	28,067,206	26,066,566
Net change in fair value of investment properties	-	-	-	(5,000,000)
	<u>10,343,716</u>	<u>8,296,760</u>	<u>28,067,206</u>	<u>21,066,566</u>

14 Income from investment in securities

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2018 AED (Unaudited)	2017 AED (Unaudited)	2018 AED (Unaudited)	2017 AED (Unaudited)
Dividend income	663,631	-	32,360,751	30,969,564
Gain / (loss) on disposal of investments held at FVTPL	(595,062)	22,443,625	(321,128)	14,631,128
Net changes in fair value of investments held at FVTPL	(2,366,384)	(18,804,631)	(5,124,780)	(9,793,130)
	<u>(2,297,815)</u>	<u>3,638,994</u>	<u>26,914,843</u>	<u>35,807,562</u>

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

15 Related parties balances and transactions

In the ordinary course of business, the Group enters into transactions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. The Group has a related party relationship with its executive officers and business entities over which they can exercise significant influence or which can exercise significant influence over the Group.

Balances with related parties

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Amounts due from related parties:		
Directors	254,835	255,156
Shareholders	274,852	160,386
	<u>529,687</u>	<u>415,542</u>
Amounts due to related parties:		
Shareholders	10,192,490	12,043,144
Board of Directors' remuneration	-	4,550,000
	<u>10,192,490</u>	<u>16,593,144</u>

Transactions with related parties

Significant transactions with related parties comprise of the following:

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2018 AED (Unaudited)	2017 AED (Unaudited)	2018 AED (Unaudited)	2017 AED (Unaudited)
Sales	<u>123,282</u>	<u>96,933</u>	<u>1,112,924</u>	<u>1,331,481</u>
Purchases	<u>-</u>	<u>-</u>	<u>4,482</u>	<u>687,770</u>
Capital expenditure	<u>10,711,201</u>	<u>17,919,561</u>	<u>23,708,401</u>	<u>18,683,136</u>

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

15 Related parties balances and transactions *(continued)*

Key management personnel compensation

The remuneration of Directors and other members of key management was as follows:

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2018 AED (Unaudited)	2017 AED (Unaudited)	2018 AED (Unaudited)	2017 AED (Unaudited)
Management compensation	<u>256,331</u>	<u>364,812</u>	<u>2,056,811</u>	<u>1,128,562</u>
16 Cash and cash equivalents			30 September 2018 AED (Unaudited)	30 September 2017 AED (Audited)
Cash and bank balances			<u>1,638,763</u>	<u>2,018,624</u>
Less: bank overdrafts <i>(note 11)</i>			<u>(333,848,129)</u>	<u>(280,765,377)</u>
			<u><u>(332,209,366)</u></u>	<u><u>(278,746,753)</u></u>

17 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at the end for the year ended 31 December 2017.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

18 Discontinued operations

During 2018, the management of a subsidiary, Sense Gourmet Food Company P.S.C. (“the Subsidiary”), decided to discontinue their restaurant operations. The Subsidiary was not previously classified as a discontinued operation. Accordingly, the comparative condensed consolidated statement of profit or loss has been re-presented to show discontinued operation separately from continuing operations.

(a) Results of discontinued operations

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2018 AED (Unaudited)	2017 AED (Unaudited)	2018 AED (Unaudited)	2017 AED (Unaudited)
Income	-	1,295,799	-	5,600,572
Expenses	-	(1,678,396)	-	(6,801,105)
Loss from discontinued operations	-	(382,597)	-	(1,200,533)

(b) Cash flows from discontinued operations

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2018 AED (Unaudited)	2017 AED (Unaudited)	2018 AED (Unaudited)	2017 AED (Unaudited)
Net cash used in discontinued operations	-	(382,597)	-	(904,847)

19 Basic and diluted earnings per share

	30 September 2018 AED (Unaudited)	30 September 2017 AED (Unaudited)
Weighted-average number of ordinary shares	<u>120,000,000</u>	<u>120,000,000</u>

Weighted average number of shares outstanding for the three month and nine month periods ended 30 September 2018 and 30 September 2017 have been retrospectively adjusted to include the 20% bonus shares approved in the Shareholders’ Annual General Meeting (AGM) held on 24 April 2018.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

19 Basic and diluted earnings per share (continued)

For the three month period ended 30 September 2018 (Unaudited):

	Continuing operations	Discontinued Operations	Total
Profit for the period, attributable to the Owners of the Company (AED)	<u>2,122,591</u>	<u>-</u>	<u>2,122,591</u>
Basic and diluted earnings per share	<u>0.018</u>	<u>-</u>	<u>0.018</u>

For the three month period ended 30 September 2017 (Unaudited):

	Continuing operations	Discontinued operations	Total
Profit / (loss) for the period, attributable to the Owners of the Company (AED)	<u>11,623,064</u>	<u>(185,328)</u>	<u>11,437,736</u>
Basic and diluted earnings per share	<u>0.097</u>	<u>(0.002)</u>	<u>0.095</u>

For the nine month period ended 30 September 2018 (Unaudited):

	Continuing operations	Discontinued operations	Total
Profit for the period, attributable to the Owners of the Company (AED)	<u>50,686,474</u>	<u>-</u>	<u>50,686,474</u>
Basic and diluted earnings per share	<u>0.422</u>	<u>-</u>	<u>0.422</u>

For the nine month period ended 30 September 2017 (Unaudited):

	Continuing operations	Discontinued Operations	Total
Profit / (loss) for the period, attributable to the Owners of the Company (AED)	<u>59,581,767</u>	<u>(581,538)</u>	<u>59,000,229</u>
Basic and diluted earnings per share	<u>0.497</u>	<u>(0.005)</u>	<u>0.492</u>

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

20 Commitments and contingent liabilities

	30 September 2018 AED (Unaudited)	31 December 2017 AED (Audited)
Letters of credit	<u>1,541,067</u>	<u>524,670</u>
Bank guarantees	<u>79,668,029</u>	<u>72,261,768</u>

Letters of credit and bank guarantees were issued in the normal course of business.

21 Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Finance Manager in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Group is organised into four major business segments:

- (i) Investing in securities (“Investment in securities”);
- (ii) Investing in properties (“Investment properties”);
- (iii) Marine, air and land shipment services along with management and operation of store and warehouses (“Freight forwarding and storage”); and
- (iv) Wholesale and distribution of food products (“Trading”).

Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds.

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

21 Segment information (continued)

Information regarding these segments is presented below:

For the nine months period ended 30 September 2018 (Unaudited):

	Investment in securities	Investment properties	Freight forwarding and storage	Trading	Others	Eliminations	Consolidated
	AED	AED	AED	AED	AED	AED	AED
Income – external	26,914,843	28,067,206	1,633,130	229,048,181	-	-	285,663,360
Income – internal	-	2,983,313	1,555,223	6,742	-	(4,545,278)	-
Profit / (loss) for the period	26,914,843	1,959,661	(3,274,958)	25,397,025	(302,398)	-	50,694,173

For the nine month period ended 30 September 2017 (Unaudited):

	Investment in securities	Investment properties	Freight forwarding and storage	Trading	Others	Eliminations	Consolidated
	AED	AED	AED	AED	AED	AED	AED
Income – external	35,807,562	21,066,566	4,884,717	182,323,994	7,025,125	-	251,107,964
Income – internal	-	2,850,000	185,677	1,327	-	(3,037,004)	-
Profit / (loss) for the period	35,807,562	210,777	(4,170,397)	27,680,478	(1,147,186)	-	58,381,234

For the three month period ended 30 September 2018 (Unaudited):

	Investment in securities	Investment properties	Freight forwarding and storage	Trading	Others	Eliminations	Consolidated
	AED	AED	AED	AED	AED	AED	AED
Income – external	(2,297,815)	10,343,716	815,160	80,641,586	-	-	89,502,647
Income – internal	-	994,438	704,238	2,984	-	(1,701,660)	-
Profit / (loss) for the period	(2,297,815)	(1,424,180)	(1,035,432)	7,374,008	(499,381)	-	2,117,200

For the three month period ended 30 September 2017 (Unaudited):

	Investment in securities	Investment properties	Freight forwarding and storage	Trading	Others	Eliminations	Consolidated
	AED	AED	AED	AED	AED	AED	AED
Income – external	3,638,994	8,296,760	1,256,353	56,094,114	5,888,125	-	75,174,346
Income – internal	-	949,604	-	1,327	-	(950,931)	-
Profit / (loss) for the period	3,638,994	(1,916,520)	(1,797,499)	11,776,369	(460,877)	-	11,240,467

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

21 Segment information (continued)

The segment assets and liabilities are as follows:

As at 30 September 2018 (Unaudited):

	Investment in securities	Investment properties	Freight forwarding and storage	Trading	Others	Eliminations	Consolidated
	AED	AED	AED	AED	AED	AED	AED
Assets	578,815,842	341,760,931	2,935,106	223,235,456	5,169,089	(37,844,864)	1,114,071,560
Liabilities	-	475,004,931	22,446,974	97,729,197	802,174	(31,664,467)	564,318,809

As at 31 December 2017 (Audited):

	Investment in securities	Investment properties	Freight forwarding and storage	Trading	Others	Eliminations	Consolidated
	AED	AED	AED	AED	AED	AED	AED
Assets	487,514,369	341,760,931	3,934,739	206,849,908	15,052,152	(34,565,988)	1,020,546,111
Liabilities	-	413,330,719	20,155,119	87,862,266	7,903,447	(19,901,565)	509,349,986

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

22 Financial instruments

Fair value of financial assets and liabilities

All of the Group's financial assets are measured at amortised cost except for investment properties under development, investment properties and investment in securities which are measured at fair value. All the financial liabilities are carried at amortised cost. The fair values of financial assets and liabilities carried at amortised cost approximate their carrying values as stated in the condensed consolidated interim statement of financial position.

The following table shows the fair values of investment in securities including their levels in the fair value hierarchy. For details regarding categories - level 1, level 2 and level 3 and for fair value measurement of investment properties under development and investment properties refer note 6 and 7.

30 September 2018

	Level 1 AED	Level 2 AED	Total AED
<i>Financial assets at FVTPL</i>			
Quoted shares	367,323,891	-	367,323,891
Mutual funds	-	6,880,759	6,880,759
<i>Financial asset at FVTOCI</i>			
Quoted shares	199,065,957	-	199,065,957
Unquoted shares	-	5,545,235	5,545,235
Total	566,389,848	12,425,994	578,815,842

31 December 2017

	Level 1 AED	Level 2 AED	Total AED
<i>Financial assets at FVTPL</i>			
Quoted shares	298,048,383	-	298,048,383
Mutual funds	-	6,584,488	6,584,488
<i>Financial asset at FVTOCI</i>			
Quoted shares	177,336,263	-	177,336,263
Unquoted shares	-	5,545,235	5,545,235
Total	475,384,646	12,129,723	487,514,369

Foodco Holding – P.J.S.C.

Notes to the condensed consolidated interim financial information

23 Transfer to reserves

In accordance with UAE Federal Law No. 2 of 2015 and Articles of Association of the Company, an amount of AED 4,856,388, equal to 10% of profit attributable to Owners of the Company for the period ended 30 June 2018, was transferred each to legal reserve and regulatory reserve from the profit attributable to Owners of the Company for the period ended 30 June 2018.

Further, on 30 June 2018, the Board of Directors of the Company resolved to transfer an amount of AED 5,143,612 each to legal reserve and regulatory reserve from retained earnings as at that date.

24 Dividends

At the Annual General Meeting held on 24 April 2018, Shareholders approved cash dividend of AED 20 million, representing 20% of the issued share capital, and 20% bonus shares, representing 20% of the issued share capital shares, as proposed by the Board of Directors (*2016: cash dividend of AED 20 million, representing 20% of the issued share capital*).

25 Cyclicity of the operations

The Group's dividend income is subject to fluctuations as dividend income for majority of the investees are announced annually in the first quarter. As a result, dividend income is lower for the remaining quarters of the year.

26 Date of authorisation for issue

The condensed consolidated interim financial information was approved by the Company's Board of Directors and was authorised for issue on _____.